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From: JoAnn Lucanik
To: Linda Senecal
Date: 5/22/02 12:38PM
Subject: Fwd: Re: SkyFORUM Presentation

01-348

Linda, here's the statement (see attached too). It should be signed with my name .. do I actually have to sign something? Also, do you have the presentation?

.....

Attached is a powerpoint presentation made at the SkyFORUM, by Scott Taylor, Taylor Group on April 29, 2002. It is being placed in the record as it may be useful when considering some of the issues raised in this proceeding.

Signed: JoAnn Lucanik (Staff member)

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Competitive Market Analysis & DBS Subscriber Study Presentation



April 30, 2002

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Objectives

- ✧ Establish an accurate picture of where satellite currently stands in the multichannel market.
- ✧ Understand who is using satellite today, what compelled them to use this technology, and what factors weighed in making decision.
- ✧ Uncover programming needs and interests in new technology such as DVR, VOD, SVOD, and DARS.
- ✧ Compare 2002 results with those of previous years to uncover changes taking place in the multichannel arena.



Study Methods

Competitive Market:

- ✧ 1,006 telephone interviews
- ✧ Randomly selected U.S. households
- ✧ Roughly 50-50 between DBS and cable HHs
 - 505 Cable
 - 501 DBS HHs
- ✧ In field: April 1 - April 17
- ✧ Results weighted to reflect total U.S. households.

New & Current Subscriber:

- ✧ 1,517 telephone interviews
- ✧ DBS subscriber households.
- ✧ Roughly 50-50 between new DBS subscribers (i.e., had service for <3 months) and current ones:
 - 750 New
 - 767 Current
- ✧ In field: March 28 - April 20
- ✧ Results weighted to reflect DBS universe at the time of study.





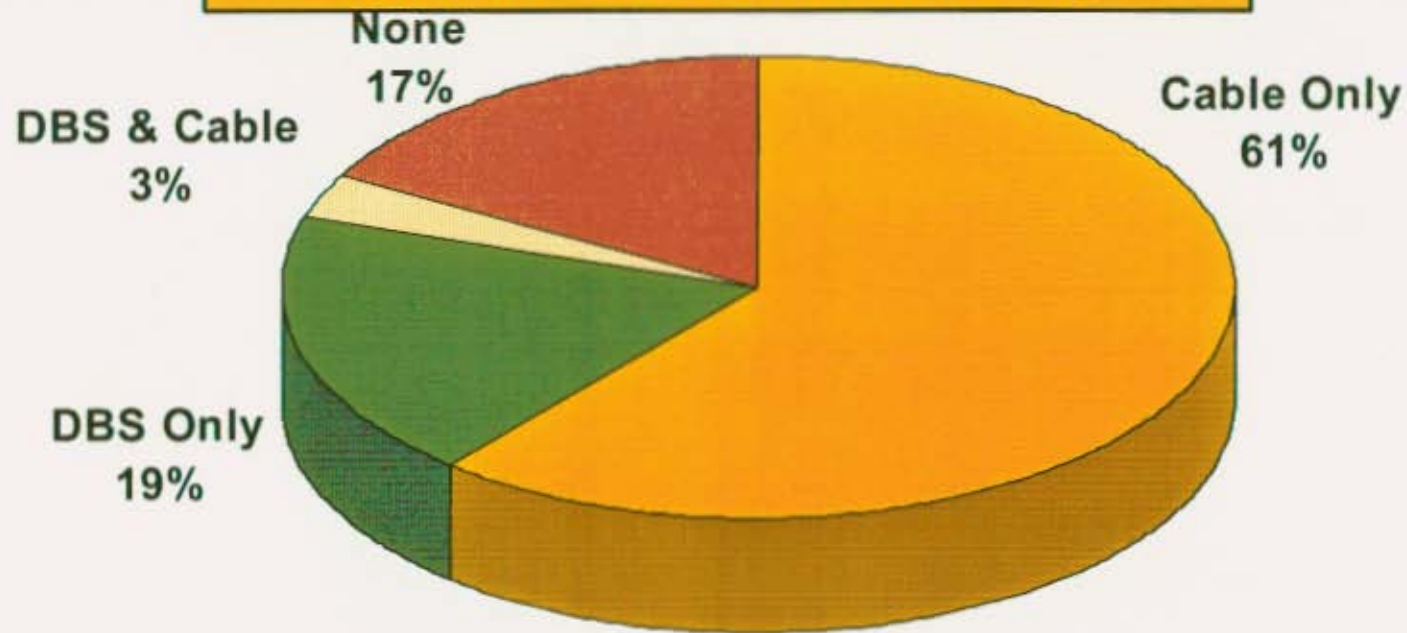
Current Multichannel Availability, Subscription, & Costs

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83% U.S. HHs Multichannel Subscribers

Multichannel Video Subscription (Total U.S. Households)



- ✧ Cable Share: now 64%, 67% in 2000
- ✧ DBS Share: now 22%, 17% in 2000

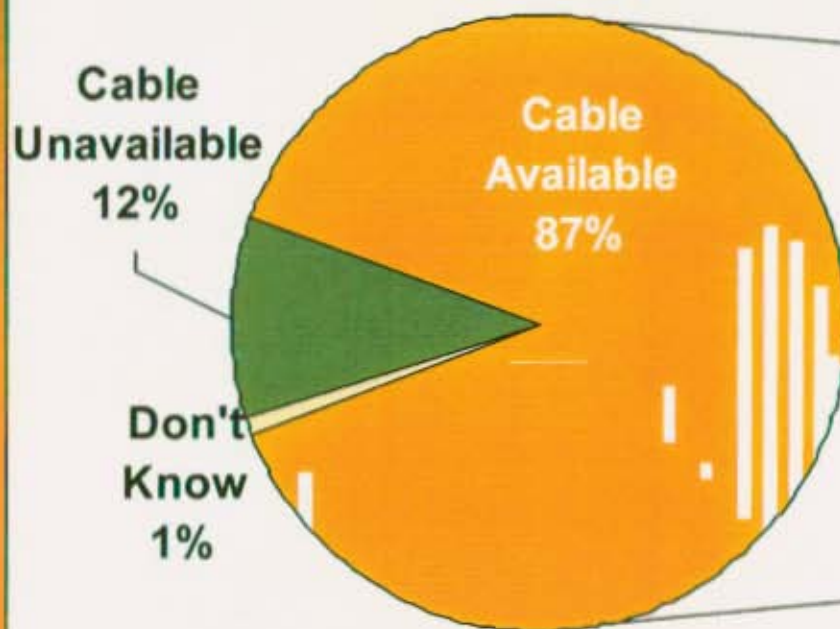
Competitive
Market
Study



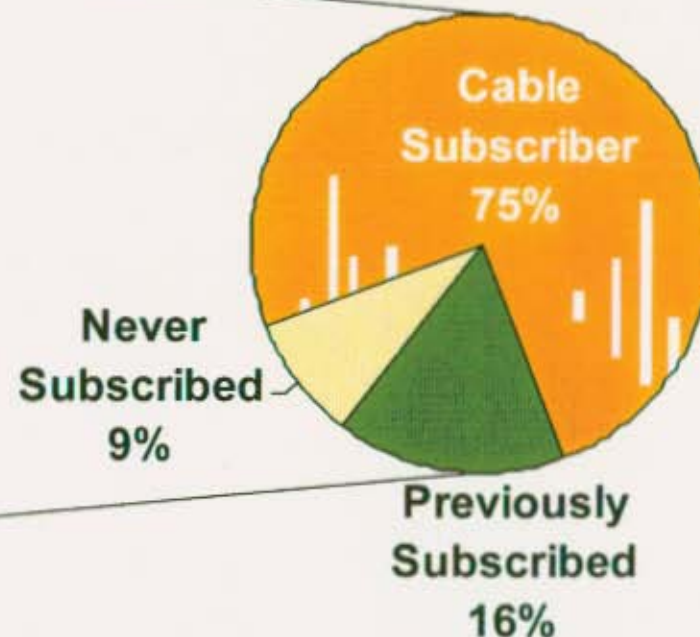
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Cable Availability/Subscription Levels Remain Steady Since 2000

Cable Availability
(Total U.S. Households)



Cable Subscription
(HHs with Access to Cable)



Competitive
Market
Study

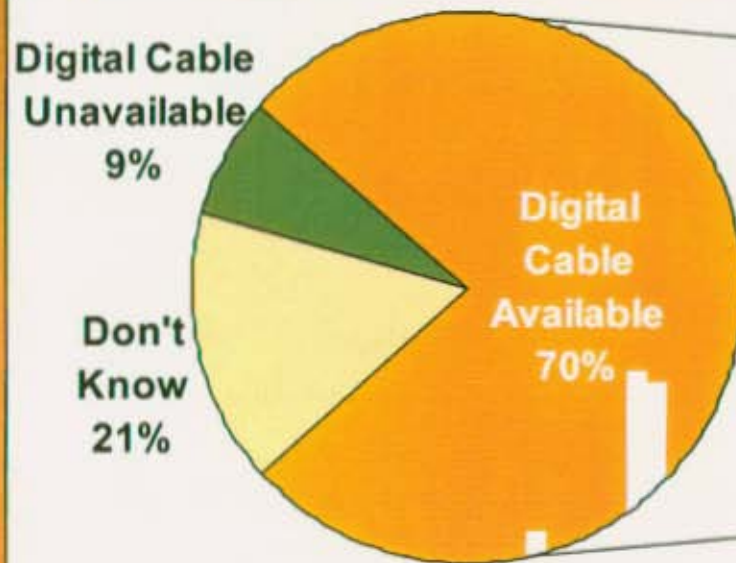


- ✧ 64% of DBS HHs reported access to cable
- ✧ 57% of DBS HHs subscribed to cable in past

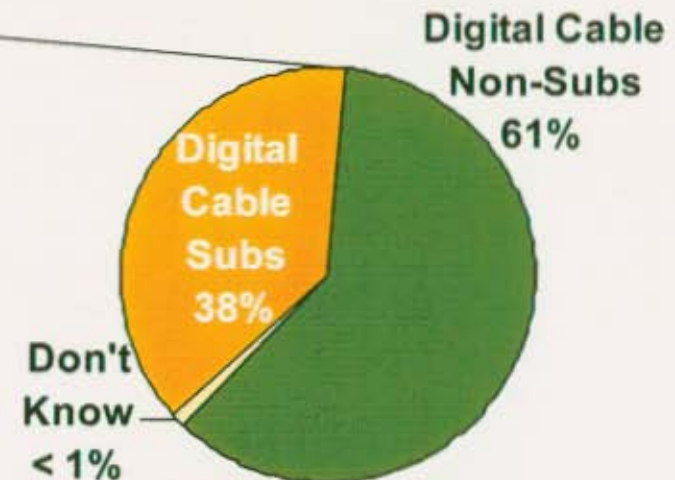
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Digital Cable On The Rise

Digital Cable Availability
(Households with Access
to Cable and Aware of Digital Cable)



Digital Cable Subscription
(Households with Access
to Digital Cable)



Competitive
Market
Study

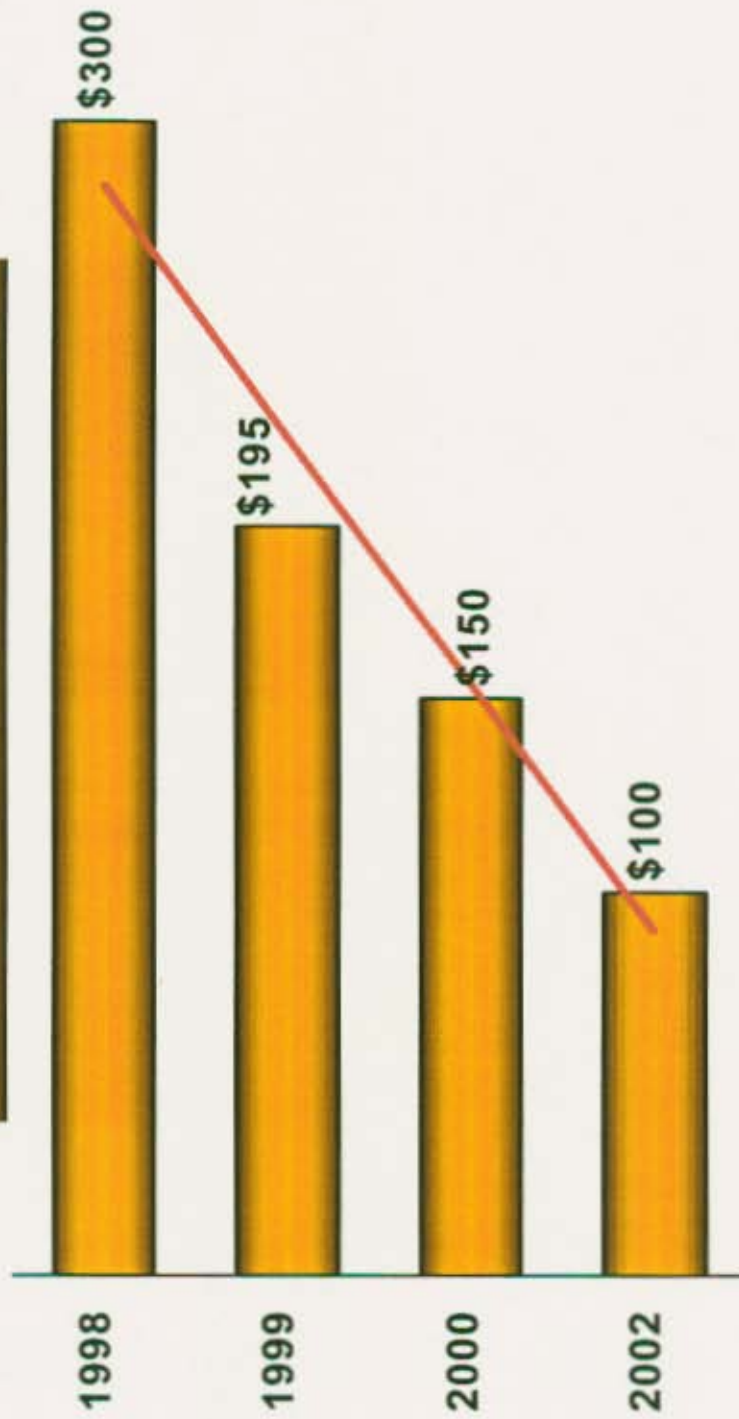


- ✧ In 2000, only 57% reported digital cable availability
- ✧ 51% of DBS subs report digital cable access

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DBS System Purchase Price Continues to Decline

Median Cost of DBS System
(New DBS Subscribers)



New &
Current
Study





Multichannel Satisfaction

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DBS Satisfaction Higher Across Board

- ✧ DBS outscored digital cable for customer satisfaction, both on an overall basis and for specific performance measures.
- ✧ DBS is especially strong when it comes to:
 - ✧ Value for the money,
 - ✧ Making customers feel they are valued,
 - ✧ Transmission quality and reliability,
 - ✧ Problem resolution, and
 - ✧ Personnel professionalism, knowledge, courtesy.

Competitive
Market
Study



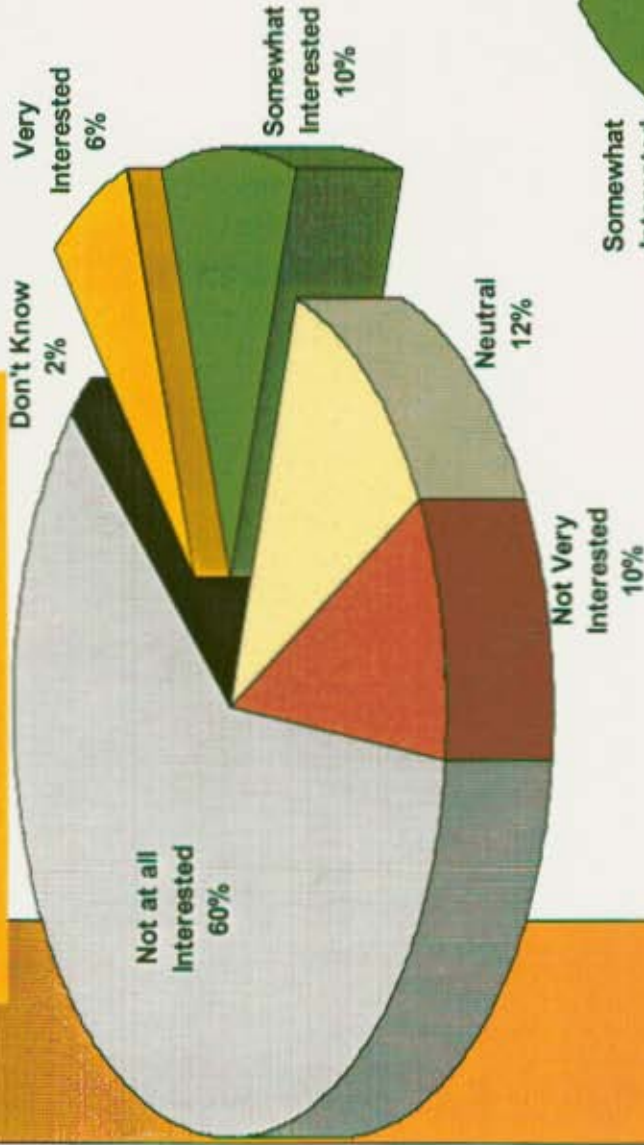


DBS Subscription...

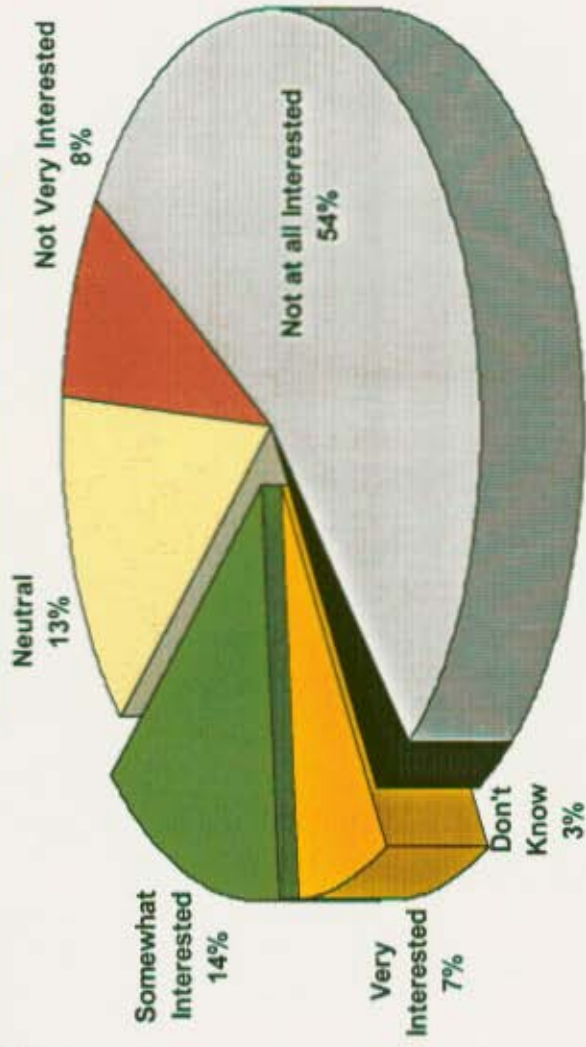
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Somewhat More Interest Among Digital Cable Subs In Subscribing To DBS

Interest in Subscribing to DBS
(All Cable Subscribers)



Interest in Subscribing to DBS
(Digital Cable Subscribers)

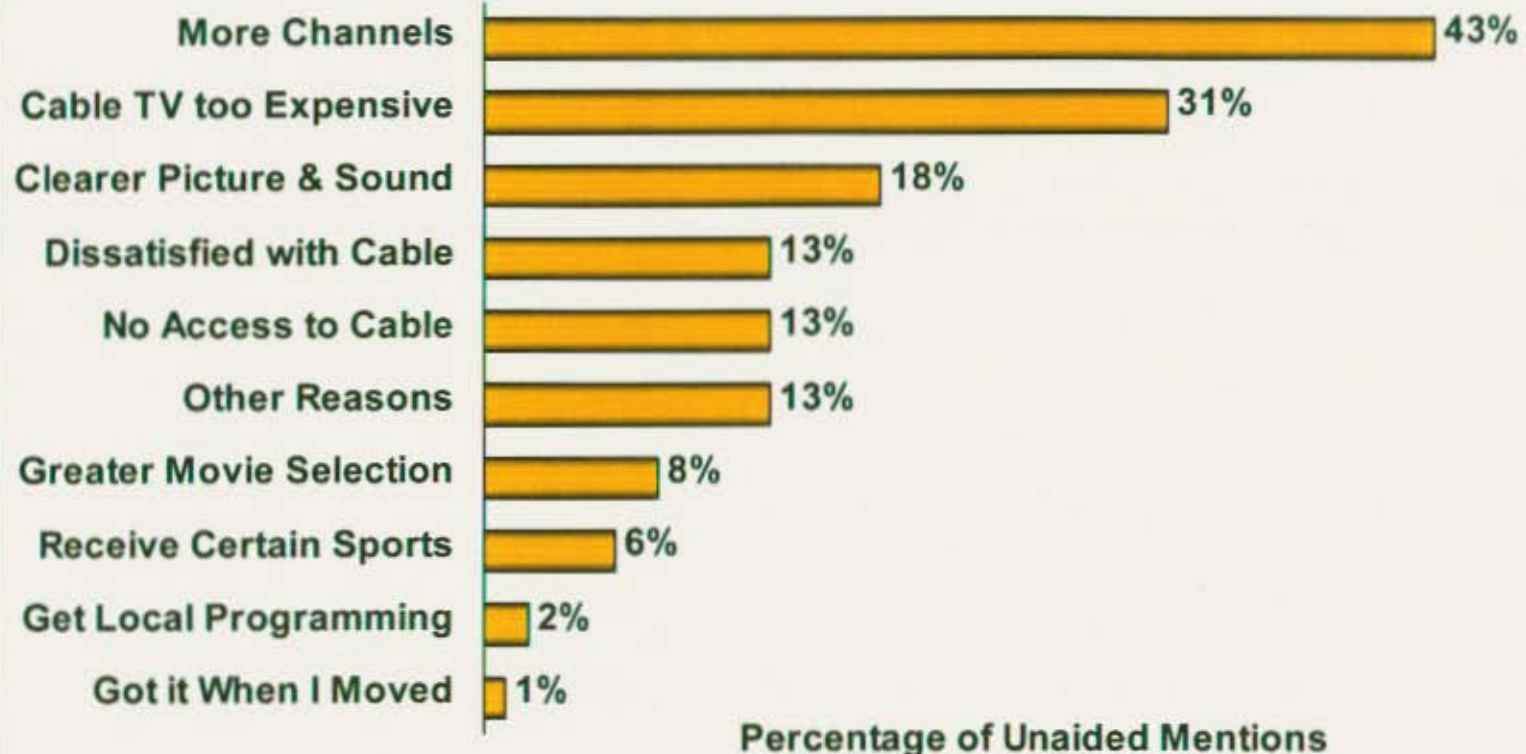


Competitive
Market
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For New DBS Subs, Channel Selection & Cost of Cable Are Most Important Reasons To Subscribe

Reasons for Subscribing to DBS (New DBS Subscribers)



New &
Current
Study



The cost of cable is particularly an issue for those with access to cable, in general (39%), and/or digital cable (40%).

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About Half of DBS Subs Subscribe to Premium Services

Current Premium Channel Subscription
(Total DBS Households)

56%



46%



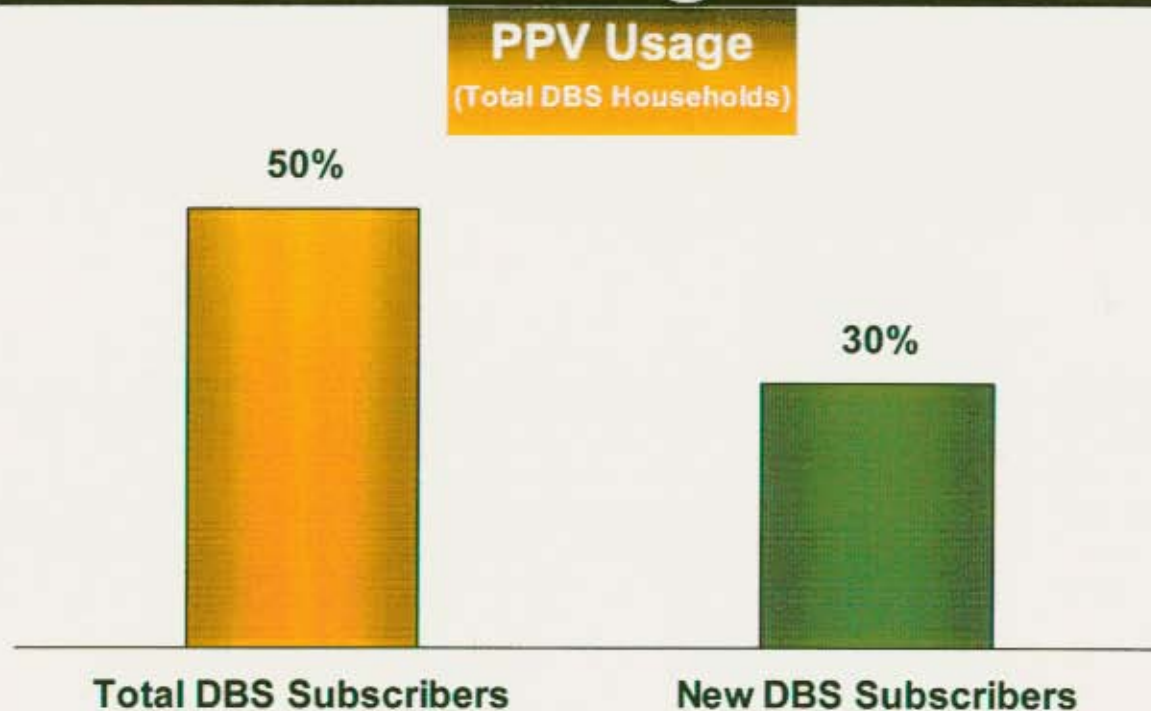
Total DBS Subscribers New DBS Subscribers

New &
Current
Study



- ✧ Premium service usage is off slightly from 63% in 2000.

Half of DBS Subs Have Ordered PPV – Most Popular For Younger Subs



- ✧ Age significant factor in ordering PPV
- 59% of those 18-34 have ordered
 - 51% of those 35-49 have ordered
 - 46% of those 50-64 have ordered
 - 28% of those 65 and over have ordered

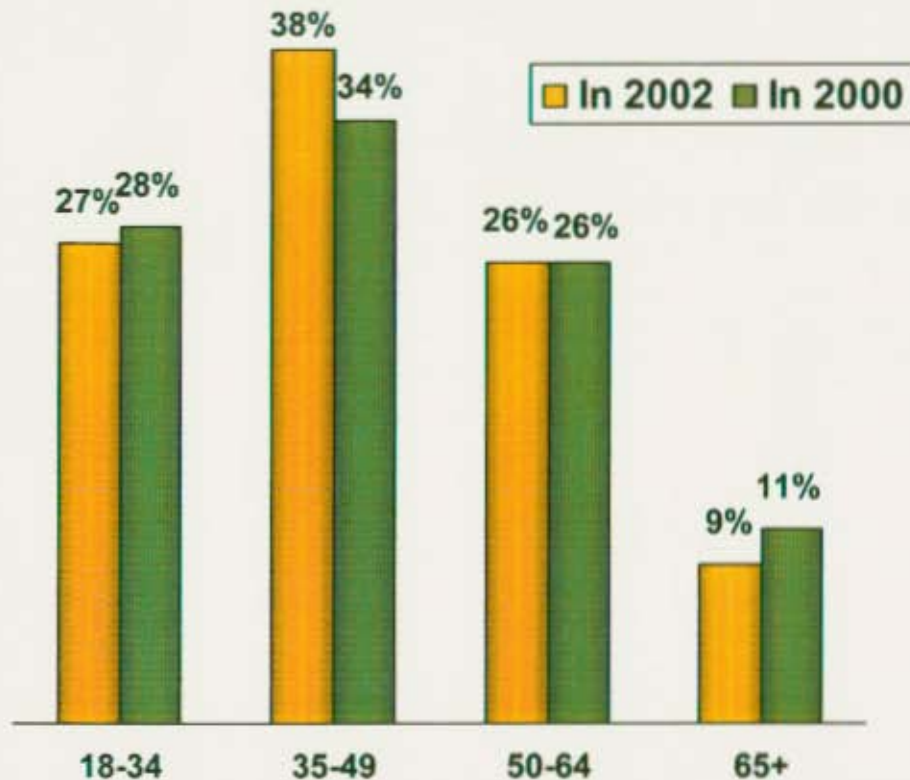
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Current
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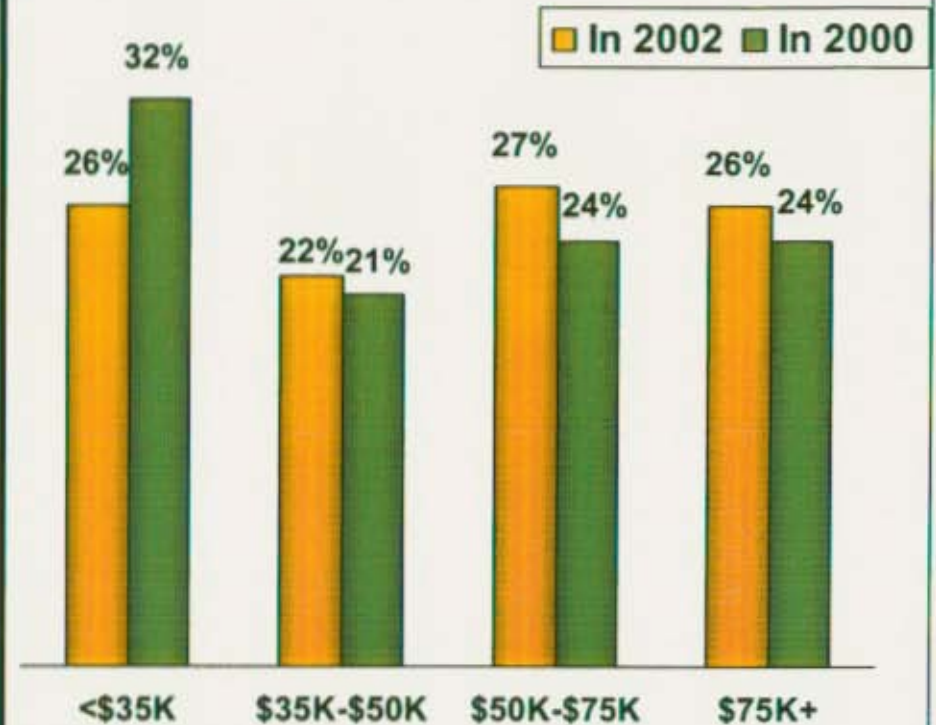
Subscriber Profile

Age Distribution
(Total DBS Subscribers)



**Based on those responding*

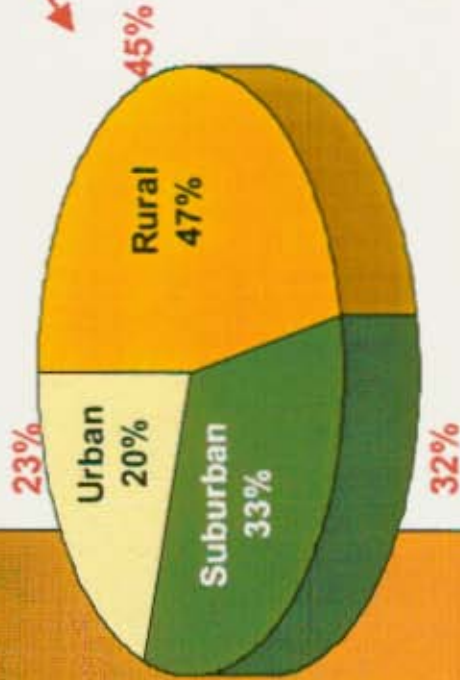
Household Income
(Total DBS Subscribers)



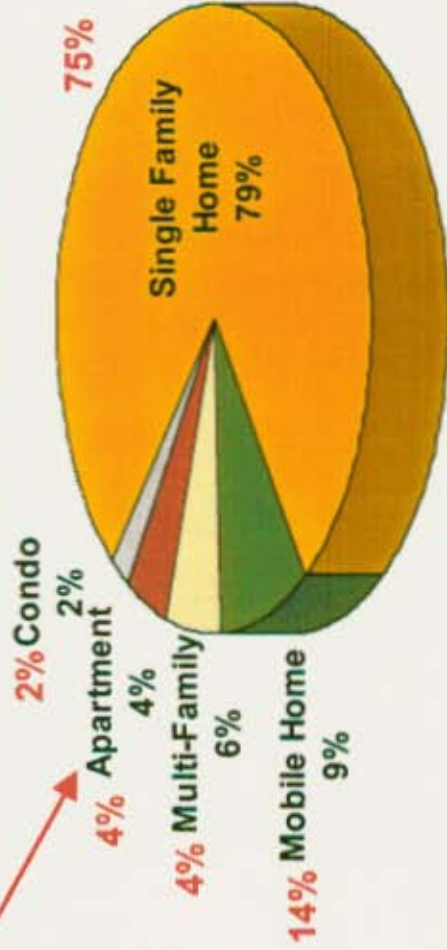
**Based on those responding*

Subscriber Profile

DBS Subscribers by Location
(Total DBS Subscribers)

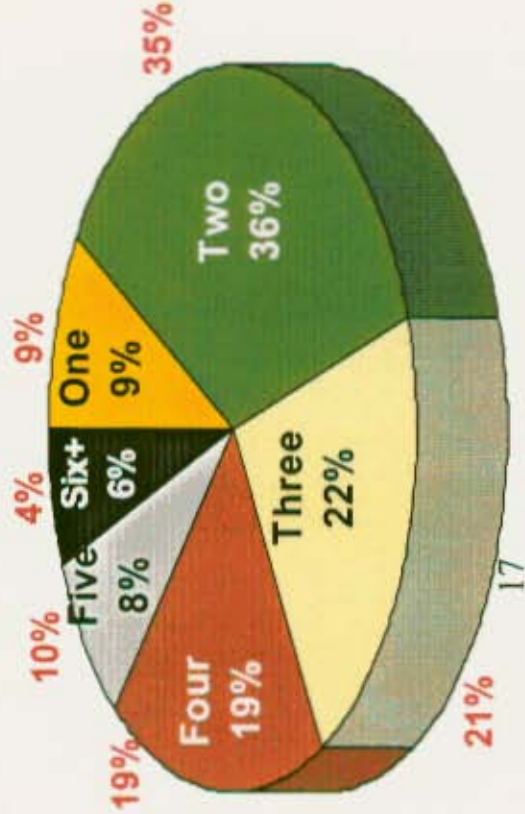


DBS Subscribers by Home Type
(Total DBS Subscribers)



In 2000...

Number of People
in DBS Households
(Total DBS Subscribers)





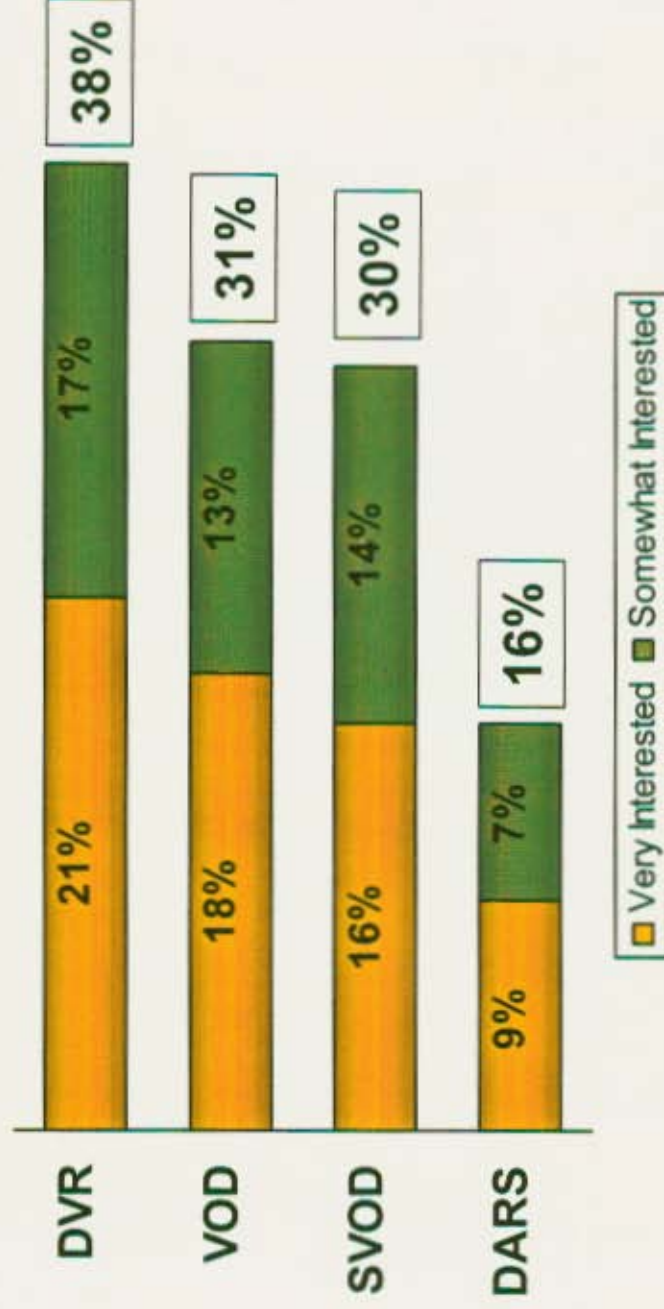
Interest In Latest Products & Services

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Moderate Interest Shown for New Products: DVR, VOD, SVOD, DARS

- ✧ Current use low – penetrations rates of <1%.

Interest in New Products and Services
Percent Very Interested/Somewhat Interested
(Among Non-users/Non-subscribers)



- ✧ Interest strongest: higher income HHs, early-adopters

VOD Shows Highest Purchase Interest At Price-Point Tested

- ❖ VOD = \$3.95/hit movie watched
- ❖ SVOD = \$9.95/ month for all SVOD services when subscribe to premium channels
- ❖ DVR = \$199 for unit and \$12.95/ month for service
- ❖ DARS = \$150 for radio and \$12.95/ month for service
- ❖ HDTV = \$2,000-\$3,000 for rear-projection HDTV

Likelihood to Purchase
Percent Very Likely/Somewhat Likely
(Among Non-users/Non-subscribers)

